

---

# SUMMARY

## SENATE BILL 7

Printer's No. 1099

---

**Synopsis:**

Proposes an amendment to the Constitution to establish a limit on appropriations.

**Summary:**

The appropriation limit is the total of all General Fund appropriations during the fiscal year prior to the budget year under consideration, adjusted by the lesser of:

- (1) The average percentage change in personal income for the three preceding calendar years as reported by the Federal Government or determined by act of the General Assembly; or
- (2) The average percentage change in inflation for the three preceding calendar years plus the average percentage change in State population for the three preceding years.

The limit may be exceeded for the following:

- (1) To respond to a Presidential or Gubernatorial declaration of emergency upon a two-thirds vote of the General Assembly.
- (2) For other situations requested by the Governor upon a two-thirds vote of the General Assembly.

The state's limit shall be reduced by the amount of any reduction in state appropriations to a political subdivision for administration of a mandated service, without an equal or greater reduction in state-mandated expenses or a repeal of the mandate.

An increase in the limit is not included in the computation base of the appropriation limit for the next fiscal year.

If the Governor certifies that a surplus exists in the General Fund, 25% of the surplus shall be deposited into the Budget Stabilization Reserve Fund ("Rainy Day Fund"). The remaining 75% shall be deposited into a separate fund for tax relief purposes as provided by law.

If the Treasurer certifies that the balance in the Budget Stabilization Reserve Fund equals or exceeds 5% of the total of all General Fund appropriations, 100% of that year's surplus shall be deposited into the fund for tax relief purposes.

Monies in the fund would be distributed to taxpayers through a reduction in the Personal Income Tax (PIT) rate established by an enactment of the General Assembly.

---

# SUMMARY

## SENATE BILL 7

Printer's No. 1099

---

The amendment must be passed in two separate sessions of the General Assembly. Following second passage, the amendment shall be placed on the ballot at the first primary, general or municipal election.

**Comment:**

This bill is similar to Senate Bill 884 of last session which passed the Senate 10/26/05 (50-0) but did not receive final consideration in the House.

Phenicie 6/7/07